

VZCZCXRO0627  
PP RUEHMA RUEHPA  
DE RUEHUJA #0536/01 0801620  
ZNR UUUUU ZZH  
P 201620Z MAR 08  
FM AMEMBASSY ABUJA  
TO RUEHC/SECSTATE WASHDC PRIORITY 2389  
INFO RUEHZK/ECOWAS COLLECTIVE  
RUEHYD/AMEMBASSY YAOUNDE 0207  
RUEHOS/AMCONSUL LAGOS 8954  
RUCPDO/DEPT OF COMMERCE WASHDC  
RHEBAAA/DEPT OF ENERGY WASHDC  
RUEHC/DEPT OF LABOR WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEAIIA/CIA WASHINGTON DC  
RUEKJCS/DIA WASHINGTON DC  
RHMFISS/HQ USEUCOM VAIHINGEN GE  
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK  
RHEHNSC/NSC WASHINGTON DC

UNCLAS SECTION 01 OF 06 ABUJA 000536

SIPDIS

SENSITIVE  
SIPDIS

DEPT FOR AF/W, INR/AA  
STATE PASS TO USTR-AGAMA  
DOE FOR GPERSON

E.O. 12958: N/A  
TAGS: [PGOV](#) [PHUM](#) [ECON](#) [EPET](#) [ETRD](#) [KIRF](#) [NI](#)  
SUBJECT: NIGERIA: BIWEEKLY POL/ECON UPDATES MARCH 1-16, 2008

REF: A. 07ABUJA 1593  
[1](#)B. ABUJA 0106

THIS CABLE IS SENSITIVE BUT UNCLASSIFIED. NOT FOR INTERNET  
DISTRIBUTION.

[1](#)1. (U) Following is a joint Embassy Abuja-ConGen Lagos  
compilation of March 1-16, 2008 political/economic  
highlights, which did not feature in our other reporting,  
covering:

- Elections: Tribunals, Reforms, Party Politics
- Corruption
- Niger Delta
- National Assembly
- Human Rights, Migration, Religious Freedom
- Economic News
- ECOWAS
- Oil and Gas

-----  
ELECTIONS: TRIBUNALS, REFORMS, PARTY POLITICS  
-----

[1](#)2. (U) Both Muhammadu Buhari (All Nigeria People's Party, ANPP) and Atiku Abubakar (Action Congress, AC) have asked the Supreme Court to overturn the Presidential Election Tribunal's February 26 decision to uphold the April 2007 presidential election. Buhari filed his appeal February 29, while Atiku filed his appeal March 14. A Supreme Court ruling on the presidential election challenge is expected as early as April 2008.

[1](#)3. (SBU) On March 11, the Senate confirmed the appointment of Court of Appeals Justices James Ogebe and Saifullahi Coomassie to the Supreme Court. Justice Ogebe presided over the Presidential Election Tribunal, which ruled February 26 to uphold President Yar'Adua's April 2007 election, and Coomassie delivered the controversial February 19 ruling that may pave the way for Obasanjo-loyalist Andy Uba to take up the position of Anambra governor when current governor Peter Obi's (All Progressive Grand Alliance) tenure expires in [1](#)2010.

[1](#)4. (U) KANO: The Kano State Election Tribunal ruled March 11

to uphold second-term governor Ibrahim Shekarau's (ANPP) election, declaring petitioner Ahmed Bichi (People's Democratic Party, PDP) failed to prove that any "non-compliance" with the Electoral Act "substantially affected" the outcome of the elections. Bichi will appeal the Tribunal's ruling. (Note: Bichi is currently serving as Minister of State for Commerce and Tourism.)

15. (U) IMO: On March 6 the Imo State Election Tribunal upheld the election of Governor Ideki Ohakim of the People's Progressive Alliance (PPA). The tribunal dismissed the principal contender, Ifeanyi Araraume (PDP), who they said had failed to prove beyond a reasonable doubt that he won the number of votes required in the 27 local government areas of the state. Araume will file an appeal.

16. (U) ABIA: The Abia State Election Tribunal nullified the election of Governor Theodore Orji (PPA) February 25 and declared that Onyema Ugochukwu (PDP) should be sworn in as governor. Orji is contesting the decision, and a ruling by the Appeals Court is expected within two months. According to the tribunal ruling, Orji, who was the Chief of Staff to the previous governor, did not meet the legal requirement to run for office, because a candidate may not hold any government position 30 days prior to filing as a candidate. PDP lawyers provided evidence that Orji was still living in government quarters and earning a government salary at the time the elections were being held. The appeal process will delay widely anticipated Economic and Financial Crimes Commission (EFCC) corruption charges against Orji. (Note: Orji had actually been in the EFCC's custody when the election was held; he was released on bail and the case suspended upon his election and subsequent swearing in. As

ABUJA 00000536 002 OF 006

governor, he would be immune from prosecution; as an average citizen, he could be on his way back into court. End Note.)

17. (SBU) The PDP held its annual national convention March 8. Most people in attendance largely ignored the speeches by outgoing members of the party secretariat, as well as the fact that the fifty or so ballot boxes dutifully provided by the Independent National Electoral Commission (which, ironically, also sent a formal election monitoring team), remained unused. Despite the hopes of many to the contrary, it was business as usual in the PDP.

-----  
CORRUPTION  
-----

18. (U) A Federal High Court in Rivers state granted an injunction March 5 against the investigation, arrest, or prosecution of former Rivers governor Peter Odili (PDP). The Economic and Financial Crimes Commission (EFCC) claimed the court had no legal authority to bar it from investigating the governor for corruption charges. The EFCC will appeal the ruling.

19. (U) On March 13 former Jigawa governor Ibrahim Turaki (ANPP) filed an application at the Abuja Federal High Court to strike out the charges of corruption and money laundering brought against him by the EFCC. He argued that a Kano Federal High Court had earlier granted a "perpetual injunction" barring the EFCC or any government agency from arresting or prosecuting Turaki.

110. (U) The EFCC is planning to prosecute directors of the Nigerian Ports Authority (NPA) over allegations of irregular award of contracts valued at over 100 billion naira (\$855 million). More than 24 thousand contracts have allegedly been awarded without due process.

111. (U) Former Delta State Governor James Ibori attempted to have his trial for money laundering and other counts (brought by the EFCC) assigned to a different judge, according to press reports. Ibori claimed the Federal High Court in

Kaduna was biased against him. However, the court disagreed, stating money laundering, economic, and financial crimes are exclusively within the Federal High Court's jurisdiction.

-----  
NIGER DELTA  
-----

¶12. (U) According to press reports, gunmen in Rivers State on March 4 kidnapped a German employee of Julius Berger, a prominent German construction company in Nigeria, and killed a military Joint Task Force (JTF) soldier from Operation Restore Hope attached to him. The kidnapped German was reportedly working on the West-East road project awarded by the Federal Government to develop infrastructure in the Niger Delta. Two children of a former Etche Local Council chairman were also kidnapped on March 4. The children's mother paid approximately \$13,000 but the kidnappers reportedly demanded an additional \$342,000. The daughter of a shipping magnate was reportedly kidnapped on her way to school in Port Harcourt on March 10, according to press reports.

¶13. (U) Following these kidnappings, the Rivers State government publicly stated it would no longer abide these attacks and would "track down suspected killers with a view to prosecuting them." Rivers State Governor Amaechi reportedly said his government had adopted a "proactive policy" which would arrest and prosecute anyone directly or indirectly linked to kidnapping.

¶14. (U) March 11 press reports claim Governor Amaechi and Senate President David Mark visited one of criminal/militant leader Ateke Tom's camps which the Nigerian military's "Operation Flush Out III" had uncovered. In addition to finding rifles and ammunition, an underground pipeline running to a "private jetty where petroleum products are sold

ABUJA 00000536 003 OF 006

illegally" was reportedly found under one of Ateke Tom's uncompleted buildings.

-----  
NATIONAL ASSEMBLY  
-----

¶15. (U) March 12 the National Assembly (NASS) amended the 2008 budget at 2.748 trillion naira (\$23.5 billion), which was \$2.6 billion more than asked for by President Yar'Adua, but \$1.3 billion less than the amount initially sent to Yar'Adua by the NASS on February 20. The adjusted budget was produced by a 14 person joint committee led by Deputy Senate President Ike Ekweremadu and Deputy Speaker of the House Usman Bayero Nafada. The reductions came mainly from allocations in the areas of Defense, Army and Air Force, Transportation, the National Planning Commission, the Senate and House of Representatives, NASS General Services and Judgment Debts. Lower capital expenditures were put forth for the ministries of Agriculture, Water Resources, the Federal Capital Territory, Health, Interior, the Science and Technology Commission, Code of Conduct Bureau, Police Service Commission, and the NASS. The lower amount of expenditure cut the budget deficit from \$5.5 billion to \$1.1 billion.

¶16. (U) The National Assembly is in recess until the week of April 7, at which time they hope to receive approval of the federal budget from the President. (Note: March 20 press reports suggest that the President may again withhold assent and seek further cuts. End note.) Once the budget is approved, members of the House of Representatives will begin discussions on amendments to the Constitution.

-----  
HUMAN RIGHTS, MIGRATION, RELIGIOUS FREEDOM  
-----

¶17. (U) Press reported March 11 that the British government will soon train the first cadre of 308 police officers selected to participate in the newly-created Anti-Terrorism Squad. Northern newspaper Daily Trust claimed "even though

there was no support for America (to train Nigerians)," the GON "would soon ask for some help from foreign governments" to assist in fighting what the Inspector General of Police Mike Okiro termed "domestic terrorists." Okiro explained that domestic terrorism is witnessed "daily through numerous acts of violent criminal acts, assassinations, and bank robberies."

¶18. (U) During the weekend of March 8, renewed communal violence (ref A) resulted in the loss of an undetermined number of lives in Mbaku, a village outside of Makurdi, Benue State. Trouble apparently started when ethnic Fulani herdsman and their cattle were drinking and bathing in the water near a local dam. According to Police Commissioner Ibiyinka Kayode, this repository is the only clean source of drinking water in the area and villagers claimed the Fulani were contaminating it. Village leader, Mbashir Zaki Aemberga, further attributed the violence to the continuous destruction of local crops by the Fulani cattle constantly grazing on farmlands. Media reports claim seven people were killed, while Kayode argued that only one Fulani person died as a result of the violence.

¶19. (U) On March 6, Assistant Controller of Prisons, Kayode Odeyemi, issued a statement that a total of 316 juveniles, aged 14-18, are currently in custody in 11 prisons throughout the country. Also in the statement, the Nigeria Prisons Service also denied previous reports (Ref B) that there were 300 babies in the nation's prisons, stating that in fact there were only 19. Rivers, Delta, and Imo state had the highest population of juveniles according to the report.

¶20. (SBU) An appeal has been made to the international community to assist with the resettlement of Nigerian citizens affected by the International Court of Justice judgement on the Bakassi peninsula. Leader of the Nigeria delegation to the Nigeria-Cameroon Mixed Commission, Prince

ABUJA 00000536 004 OF 006

Bola Ajibola, who made the plea, did not however explain what happened to the one billion naira "Bakassi Resettlement Fund" to which many countries already contributed. An alarm was raised last year by the Mixed Commission about the missing funds and the GON has yet to explain what happened. Some sources allege that former governor of Cross River State Donald Duke "misappropriated" the resettlement money.

¶21. (SBU) President Yar'Adua attended the 11th Heads of State Islamic Summit of the Organization of the Islamic Conference (OIC) in Dakar, Senegal on March 13. This is Nigeria's highest-profile engagement with the OIC since joining the organization in 1986. Nigeria's membership in the OIC has been criticized by some parts of the Christian community as an attempt to "Islamize" the country. Foreign Minister Ojo Maduekwe (a Christian) defended President Yar'Adua's attendance at the recent summit insisting that "there are benefits to be derived from Nigeria's OIC membership."

-----  
ECONOMIC NEWS  
-----

¶22. (U) Northern Nigeria has been ravaged by outbreaks of measles. Recent reports from Kano, Katsina, Zaria, Gusau, and Dutse indicate that hundreds of children have died as a result of the disease. Poor families in rural areas have been hardest hit. 50 children reportedly died in Ikara local government in Kaduna State, while another 150 children died in Zaria town. Low immunization rates are to blame for the tragedy.

¶23. (U) President Yar'Adua approved the establishment of the Ogun/Guangdong Free Trade Zone (FTZ) in Igbesa, Ogun State. The first phase of the project will cost \$500 million. With this formal approval, Ogun state now has three FTZs (the others are Olokola FTZ in Ogun East and the Kajola Specialized Railway Terminus FTZ in Ogun Central).

¶24. (U) Nigeria's external debt could rise by 118.2 percent to \$7.2 billion in the next four years, according to "Nigeria's Economic and Financial Indicators 2004 to 2012" report by the International Monetary Fund (IMF). External debt, which totaled \$3.397 billion in September 2007, comprises multilateral debt (\$2.852 billion) and non-Paris debt (\$545 million). The IMF has advised Nigeria to implement the debt management framework, particularly at state and council levels. IMF expressed support for the government's decision to rely only on concessional external financing to prevent a re-accumulation of unsustainable debt.

¶25. (U) The Minister of Agriculture and Water Resources, Sayyadi Abba Ruma, reported that the country's agriculture output had dropped drastically, but did not give figures for the shortfall. Low production cuts across all agricultural sub-sectors including rice, maize, cassava, sugar, potatoes and vegetables. Yearly 15 million tons of wheat are required, but only 70 thousand tons are produced in Nigeria.

¶26. (U) An American firm, IceCool Park Limited, has received financial backing from GT Bank and Diamond Bank for the implementation of the first phase of the IceCool Entertainment Park, estimated to cost \$40 million. The project will reportedly employ 1000 Nigerians and will generate more than 20 million naira (\$172,414) for the Ogun State Government.

¶27. (U) The American Business Council in Nigeria was formally launched in Lagos on March 6. Its purpose is to promote development of commerce and investment between the U.S. and Nigeria. The Council will support sustainable socio-economic reform initiatives in Nigeria, through public policy advocacy, promotion and implementation of projects. It will promote the removal of trade barriers between Nigeria and the U.S. and work with the U.S. Chamber of Commerce to advocate the views of the American business community in Nigeria.

ABUJA 00000536 005 OF 006

¶28. (U) The Central Bank of Nigeria (CBN) has revealed that non-petroleum industries have boosted economic growth in the last quarter of 2007. Growth increased 6.1 percent in the third quarter to 7.6 percent in the last quarter of 2007. This increase was due to manufacturing firms increasing their production during the holiday season and to the increased prices of cocoa, cotton, soybean and palm oil in the international market.

¶29. (U) The World Bank has listed the Nigerian Stock Exchange (NSE) among the top 20 emerging markets, alongside Brazil, Russia, India and China. This announcement is a confidence booster for the Nigerian economy which is critical for strengthening the Nigerian capital market and making it more competitive for both domestic and foreign investors.

¶30. (U) The International Monetary Fund (IMF) forecasted 9 percent economic growth rate for Nigeria, only second to China with 10 percent, while warning of the risk of high oil revenue spending and over-dependence on energy on the macroeconomic stability of the country. The IMF position buoyed hopes that the country will receive improved rating from the global sovereign rating agencies Standard and Poor and Fitch.

¶31. (U) This month, President Yar'Adua demanded a review of existing international trade policies which were not beneficial to the West African sub-region. He argued that although broadened participation in international trade offered important avenues for the growth of the sub-region, the volatile and complex pace of globalization had created uncertainty about the downside risks presented by the open economy. In order to counter these concerns, he ordered the review of existing international trade policies.



¶32. (U) The GON says that 12 million more housing units are needed to address the housing problem facing the country. The Minister of State for Environment, Housing, and Urban Development, Chica Odom, said that federal and state governments would collaborate to meet the housing needs of Nigerians. He said that the government would embark on aggressive urban renewal to restore its abandoned housing estates and to make them livable. He also noted that the government is no longer building houses, but provides land and the environment for private developers to access funds at reasonable interest rates to develop properties.

¶33. (U) The policy of restricting banks' lending rates to a maximum 400 basis points above the Minimum Rediscount Rate (MRR) is not longer valid, according to the CBN. The CBN explained that subsequent developments in the economy led to the adoption of a market-based framework for monetary policy management with the Monetary Policy Rate replacing the MRR. Lending rates will still be high because funds for banks are still high, the business environment is risky, and future inflationary trends are uncertain.

¶34. (U) The World Bank has proposed a new loan of about \$2 billion under its International Development Assistance (IDA) for Nigeria between 2008 and 2010. Specifically, it offers Nigeria \$450 million in 2008, \$877 million in 2009 and \$700 million in 2010. The loan is tied to projects in education, health, roads and agriculture.

-----  
ECOWAS

¶35. (U) The Economic Community of West African States (ECOWAS) has agreed to pursue a comprehensive, development-oriented and mutually beneficial Economic Partnership Agreement (EPA) with the European Union (EU). The sub-region had failed to meet a December 31, 2007 deadline for signing of the EPA with the EU. The purpose of this agreement is to replace the bilateral trade agreements with African, Caribbean and Pacific countries and allow access to the EU market.

ABUJA 00000536 006 OF 006

-----  
OIL AND GAS

¶36. (U) The U.S oil service firm Expo won contracts valued at over \$300 million in the last six months in Nigeria and other African countries. The contracts cover a range of offshore deepwater products and services and are to be delivered on a phased basis over the next three years. Out of the \$300 million, \$60 million were secured for West and South Africa region for provision of offshore deepwater technology for Chevron, Agip, and Shell in Nigeria, increased scope from BP deepwater in Angola, and for Total and Noble in the Cameroon.

¶37. (SBU) ExxonMobil resumed full production from its oil fields near its Qua Iboe terminal after a minor pipeline break caused the release of less than four barrels of oil. The company had shut in around 20,000 barrels of oil as a precaution. ExxonMobil has brought in a team from the United States to evaluate the pipeline.

¶38. (SBU) After local drivers complained about poor running vehicles and engine damage, contaminated gasoline was found at gas stations owned by Oando Plc and Mobil Oil Nigeria Plc. The gasoline contained 20 percent ethanol, far above Nigerian maximum specifications of 3 to 5 percent. Nigerian companies are not capable of properly handling and storing gasoline heavily blended with ethanol. Oando Plc had purchased the gasoline from an international broker then distributed it to its own stations and to Mobil. (Note: The downstream operators take turns importing gasoline which then they distribute to other downstream companies on a schedule

agreed to by Nigerian regulators. End note.)

¶39. (SBU) A Post contact with a European downstream company which did not receive the contaminated gas told Econoff that Nigerian regulators failed to inspect the gasoline before it was offloaded from the tanker. He could not say for certain why Oando and its broker bought the blended gasoline in the first place. Nigerian regulators have ordered the gasoline pulled from the market and may require Oando to pay for damages.  
SANDERS